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SUBJECT: BELARUS BI-WEEKLY POL/ECON REPORT - JUNE 6, 2009

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[1](#)1. The following are brief items of interest compiled by
Embassy Minsk.

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Civil Society

[1](#)2. Malady Front Activist Fined

On May 26, Soligorsk authorities fined underage local MF member Iliya Shyla \$625 in absentia. Shyla photographed and observed a May 5 demonstration "School for All" staged by the MF activists in downtown Soligorsk in support of his forcefully conscripted brother Ivan Shyla, expelled from school before his final graduation exam in June 2008. Iliya Shyla will appeal the fine to court insisting that the charges were "far-fetched".

[1](#)3. Human Rights Group Denied Registration

The Justice Ministry denied May 28 the prominent human rights group Nasha Vyasna its third registration application. The Ministry alleged that the NGO's name was not "consistent" with stated purposes and that group's founders and leaders were previously convicted on numerous administrative charges. Justice officials also stated that the human rights lawyers "impeded" their ability to verify registration documents.

[1](#)4. Prosecutors Extend Criminal Investigation against Volkovysk Activists

On June 2, Minsk Oblast Prosecutor's Office extended until July 3 criminal investigations against Volkovysk activists Nikolay Avtukhovich, Yuriy Leonov and Vladimir Osipenko. Human rights advocates continue to express their concerns over the activists being held in custody and police neither interrogating them to

conclude investigations nor filing their cases to court.
Avtukhovich -- like Leonov, a former political prisoner -- has been on a hunger strike since April 16 and has reportedly lost 25 kilograms.

Domestic Economy

15. GOB to Increase VAT

According to media reports, the GOB will soon increase VAT from 18 to 22 percent. While intended to increase GOB revenue, regime officials claim that the increase will not result in higher prices on consumer goods, and will rather help reduce consumer imports and boost exports.

16. Belarus May Receive IMF's Second Tranche Later this Month

The IMF permanent representative in Belarus Natalia Kolyadina told Prime-TASS news agency June 1 that the IMF and the GOB experts have successfully resolved almost all outstanding issues during the IMF's mission to Minsk in April-May. This will allow the IMF to complete its review by the end of June and issue the second tranche of USD 400 million under the IMF's USD 2.46 billion Stand-By Arrangement (SBA) for Belarus approved in January. She opined that the GOB will not have to depreciate its currency again as the National Bank's monetary policy is sufficiently rigorous. She praised cuts the GOB make in the central budget and welcomed the scheduled tax reform doubting, though, that higher VAT will help reduce the foreign trade deficit. The GOB should focus more on making the economy more competitive rather than reducing imports, opined the IMF representative.

17. Belarus and Russia Sign Agreement on Nuclear Energy

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According to press reports, Russia and Belarus concluded May 29 a framework cooperation agreement on the use of nuclear energy for peaceful purposes. The Agreement signed at the session of the Council of Ministers of the Union State established a legal basis for starting a project for the construction of a Nuclear Power Plant (NPP) in Belarus in 2015 and beyond. The project will require a specific agreement expected to be signed in October or November. Russia's Deputy Premier/Finance Minister Alexei Kudrin announced May 28 that the GOB approached the GOR for USD 9 billion loan to construct the NPP. Kudrin explained that the Russian side will need time to review the application meaning it wants convincing proofs the project is fully viable.

Quote of the Week

18. Welcoming visiting Israeli Foreign Minister Avigdor Lieberman June 4, Lukashenka said: "Israel for Belarus is not a foreign country as more than a dozen thousand our compatriots live there. We are not indifferent to these people's fates. Everybody in this country knows about that and anybody who ever left Belarus for Israel knows about that. Repatriates from Belarus, our Jews, are special people. This is a tender, moral note in our relations that makes an imprint in all our relations".

MOORE